耀才證券
BRIGHT SMART SECURITIES
香港交易所上市公司(1428)

BRIGHT SMART SECURITIES & COMMODITIES GROUP LIMITED
耀才證券金融集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1428)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

The board (the "Board") of directors (the "Directors") of Bright Smart Securities & Commodities Group Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2020 (the "Period") together with the comparative figures for the six months ended 30 September 2019 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2020 — unaudited
(Expressed in Hong Kong dollars unless otherwise indicated)

		Six months ended 30 September	
		2020	2019
	Note	***$'000***	*$'000*
Revenue	*4*	**582,891**	393,757
Other income	*5*	**129,920**	119,360
Other net gain/(loss)	*6*	**17,867**	(10,746)
		730,678	502,371
Staff costs		**(64,199)**	(71,365)
Amortisation and depreciation		**(39,954)**	(45,389)
Other operating expenses	*7(b)*	**(126,349)**	(92,922)
Profit from operations		**500,176**	292,695
Finance costs	*7(a)*	**(99,139)**	(55,967)

	Note	Six months ended 30 September 2020 $'000	2019 $'000
Profit before taxation	*7*	**401,037**	236,728
Income tax	*8*	**(54,984)**	(25,223)
Profit for the period		**346,053**	211,505
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
— Exchange reserve		**(144)**	206
Total comprehensive income attributable to equity shareholders for the period		**345,909**	211,711
Earnings per share			
Basic *(cents)*	*9*	**20.39**	12.46
Diluted *(cents)*	*9*	**20.39**	12.46

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020 – unaudited
(Expressed in Hong Kong dollars)

	Note	At 30 September 2020 $'000	At 31 March 2020 $'000
Non-current assets			
Property, plant and equipment		**142,101**	159,826
Intangible assets		**5,733**	5,783
Deferred tax assets		**111**	122
Other receivables, deposits and prepayments		**17,107**	16,944
Other non-current assets		**49,039**	77,715
Total non-current assets		**214,091**	260,390

	Note	At 30 September 2020 $'000	At 31 March 2020 $'000
Current assets			
Accounts receivable	*11*	**27,860,895**	5,644,787
Other receivables, deposits and prepayments		**18,420**	26,441
Amount due from a related company		**3**	—
Financial assets at fair value through profit or loss		**4,408**	48,539
Financial assets at amortised cost		**7,789**	—
Tax recoverable		**339**	1,321
Cash and cash equivalents		**407,312**	477,657
Total current assets		**28,299,166**	6,198,745
Current liabilities			
Accounts payable	*12*	**1,523,433**	1,301,268
Accrued expenses and other payables		**86,814**	65,071
Amounts due to related companies		**1,203,493**	200,136
Bank loans	*13*	**23,765,130**	2,858,789
Lease liabilities		**59,884**	59,845
Current taxation		**58,946**	5,378
Total current liabilities		**26,697,700**	4,490,487
Net current assets		**1,601,466**	1,708,258
Total assets less current liabilities		**1,815,557**	1,968,648
Non-current liabilities			
Accrued expenses and other payables		**7,786**	7,238
Lease liabilities		**34,376**	59,104
Deferred tax liabilities		**423**	—
Total non-current liabilities		**42,585**	66,342
NET ASSETS		**1,772,972**	1,902,306
EQUITY			
Share capital		**509,189**	509,189
Share premium		**738,020**	738,020
Exchange reserve		**354**	498
Merger reserve		**(20,000)**	(20,000)
Retained profits		**545,409**	674,599
TOTAL EQUITY		**1,772,972**	1,902,306

NOTES:
(Expressed in Hong Kong dollars unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial information for the six months period ended 30 September 2020 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This interim financial information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

— Amendments to HKFRS 3, *Definition of a Business*

— Amendments to HKFRS 16, *Covid-19-Related Rent Concessions*

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial information.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

— Securities broking — provision of broking services in securities traded in Hong Kong and selected overseas markets, and margin financing services to those broking clients.

— Commodities and futures broking — provision of broking services in commodities and futures contracts traded in Hong Kong and overseas markets.

— Bullion trading — provision of trading services in bullion contracts traded in overseas markets.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets and current assets with the exception of unallocated corporate assets. Segment liabilities include liabilities and accruals attributable to the activities of the individual segments.

The measure used for reporting segment profit is earnings before finance costs and taxes ("EBIT"). To arrive at EBIT, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as corporate administration costs.

(b) Segment information

	Six months ended 30 September 2020			
	Securities broking *$'000*	Commodities and futures broking *$'000*	Bullion trading *$'000*	Total *$'000*
Revenue from customers:				
— Brokerage commission	**249,113**	**117,420**	**—**	**366,533**
— Dealing income	**—**	**—**	**6,682**	**6,682**
— Interest income from margin financing	**114,092**	**—**	**—**	**114,092**
— Interest income from IPO financing	**95,321**	**—**	**—**	**95,321**
Reportable segment revenue	**458,526**	**117,420**	**6,682**	**582,628**
Interest income from cash clients	**15,648**	**—**	**—**	**15,648**
Other interest income	**34,020**	**5,577**	**39**	**39,636**
Handling and settlement fees	**59,485**	**4**	**—**	**59,489**
Reportable segment profit (EBIT)	**441,928**	**49,304**	**4,263**	**495,495**
Amortisation and depreciation	**(8,447)**	**(4)**	**—**	**(8,451)**
Finance costs	**(101,861)**	**—**	**—**	**(101,861)**
Additions to non-current segment assets during the period	**16,186**	**—**	**—**	**16,186**

	At 30 September 2020			
	Securities broking *$'000*	Commodities and futures broking *$'000*	Bullion trading *$'000*	Total *$'000*
Reportable segment assets	**27,649,148**	**897,588**	**24,212**	**28,570,948**
Reportable segment liabilities	**(26,076,327)**	**(552,717)**	**(19,742)**	**(26,648,786)**

	Six months ended 30 September 2019			
	Securities broking	**Commodities and futures broking**	**Bullion trading**	**Total**
	$'000	***$'000***	***$'000***	***$'000***
Revenue from customers:				
— Brokerage commission	122,774	109,540	—	232,314
— Dealing income	—	—	8,171	8,171
— Interest income from margin financing	150,421	—	—	150,421
— Interest income from IPO financing	2,693	—	—	2,693
Reportable segment revenue	275,888	109,540	8,171	393,599
Interest income from cash clients	10,853	—	—	10,853
Other interest income	60,550	11,723	190	72,463
Handling and settlement fees	32,907	6	—	32,913
Reportable segment profit (EBIT)	239,904	43,191	6,388	289,483
Amortisation and depreciation	(9,166)	(4)	—	(9,170)
Finance costs	(56,158)	(6)	—	(56,164)
Additions to non-current segment assets during the period	3,019	—	—	3,019

	At 31 March 2020			
	Securities broking	**Commodities and futures broking**	**Bullion trading**	**Total**
	$'000	***$'000***	***$'000***	***$'000***
Reportable segment assets	5,761,546	706,429	43,693	6,511,668
Reportable segment liabilities	(4,069,128)	(363,944)	(24,789)	(4,457,861)

(c) Reconciliation of reportable segment profit, assets and liabilities

	Six months ended 30 September	
	2020	2019
	$'000	*$'000*
Revenue		
Reportable segment revenue	**582,628**	393,599
Elimination	**(1,206)**	(541)
Unallocated corporate revenue	**1,469**	699
Consolidated revenue	**582,891**	393,757
Profit		
Reportable segment profit (EBIT)	**495,495**	289,483
Finance costs	**(99,139)**	(55,967)
Unallocated corporate income	**25,112**	11,962
Unallocated corporate expenses	**(20,431)**	(8,750)
Consolidated profit before taxation	**401,037**	236,728

	At 30 September 2020	At 31 March 2020
	$'000	*$'000*
Assets		
Reportable segment assets	**28,570,948**	6,511,668
Elimination	**(216,916)**	(226,695)
Unallocated corporate assets	**159,225**	174,162
Consolidated total assets	**28,513,257**	6,459,135

	At 30 September 2020 $'000	At 31 March 2020 $'000
Liabilities		
Reportable segment liabilities	**(26,648,786)**	(4,457,861)
Elimination	**2,175,674**	562,213
Unallocated corporate liabilities	**(2,267,173)**	(661,181)
Consolidated total liabilities	**(26,740,285)**	(4,556,829)

4 REVENUE

The principal activities of the Group are securities broking, margin financing, commodities and futures broking, bullion trading and leveraged foreign exchange trading.

The amount of each significant category of revenue is as follows:

	Six months ended 30 September 2020 $'000	2019 $'000
Revenue from contracts with customers within the scope of HKFRS 15		
Brokerage commission	**365,327**	231,772
Revenue from other sources		
Dealing income from bullion trading	**6,682**	8,171
Dealing income from leveraged foreign exchange trading	**1,469**	700
Interest income from margin financing	**114,092**	150,421
Interest income from IPO financing	**95,321**	2,693
	217,564	161,985
	582,891	393,757

5 OTHER INCOME

	Six months ended 30 September	
	2020	2019
	$'000	*$'000*
Interest income from		
Financial assets carried at amortised cost		
— Authorised institutions	**38,932**	71,325
— Others	**704**	1,146
	39,636	72,471
Financial assets carried at fair value through profit or loss ("FVPL")		
— Cash clients	**15,648**	10,853
	55,284	83,324
Handling and settlement fees	**59,489**	32,913
Dividend income	**11**	204
Government grants	**9,925**	—
Sundry income	**5,211**	2,919
	129,920	119,360

6 OTHER NET GAIN/(LOSS)

	Six months ended 30 September	
	2020	2019
	$'000	*$'000*
Realised gain/(loss) from financial assets at fair value through profit or loss	**7,951**	(9)
Unrealised loss from financial assets at fair value through profit or loss	**(736)**	(683)
	7,215	(692)
Net foreign exchange gain/(loss)	**11,820**	(6,043)
Loss on disposals of property, plant and equipment	**(500)**	(1)
Error trades arising from dealings	**(29)**	(73)
Others	**(639)**	(3,937)
	17,867	(10,746)

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 September	
	2020	2019
	$'000	*$'000*
(a) Finance costs		
Interest expense on		
— Bank loans for IPO financing	**60,719**	2,662
— Other bank loans	**35,704**	45,943
— Lease liabilities	**1,427**	2,016
— Loans from related companies	**922**	4,764
— Others	**367**	582
	99,139	55,967
(b) Other operating expenses		
Advertising and promotion expenses	**15,707**	5,148
Auditors' remuneration	**762**	762
Commission, handling and settlement expenses	**66,406**	40,252
Information and communication expenses	**23,757**	22,109
Legal and professional fees	**1,260**	1,668
Rates and building management fees	**2,372**	2,879
Miscellaneous expenses	**16,085**	20,104
	126,349	92,922

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September	
	2020	2019
	$'000	*$'000*
Current tax — Hong Kong Profits Tax		
Provision for the period	**54,549**	27,471
Deferred tax		
Origination and reversal of temporary differences	**435**	(2,248)
Total tax charge for the period	**54,984**	25,223

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2019: 16.5%) to the six months ended 30 September 2020, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first $2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2019.

9 EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 September	
	2020	2019
Earnings		
Profit for the period attributable to equity shareholders of the Company *($'000)*	**346,053**	211,505
Number of shares		
Weighted average number of ordinary shares in issue *(in thousands)*	**1,697,296**	1,697,296
Basic earnings per share *(cents)*	**20.39**	12.46

Diluted earnings per share

There was no dilutive potential ordinary share during the period (six months ended 30 September 2019: nil) and diluted earnings per share is therefore equal to basic earnings per share.

10 DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2020 (six months ended 30 September 2019: nil).

11 ACCOUNTS RECEIVABLE

	At 30 September 2020 *$'000*	At 31 March 2020 *$'000*
Accounts receivable		
Accounts receivable from:		
— Clearing houses	**887,928**	785,804
— Brokers and dealers	**395,814**	210,195
Less: Loss allowance	**(505)**	(505)
Financial assets measured at amortised cost	**1,283,237**	995,494
Accounts receivable from:		
— Cash clients	**427,473**	263,480
— Margin clients	**7,437,894**	4,385,813
— Subscription of new shares in IPO	**18,712,291**	—
Financial assets measured at FVPL	**26,577,658**	4,649,293
	27,860,895	5,644,787

The ageing analysis of accounts receivable from cash clients based on the settlement date as at the end of the reporting period is as follows:

	At 30 September 2020 $'000	At 31 March 2020 $'000
Current	**59,018**	65,283
Less than 1 month	**234,863**	141,064
1 to 3 months	**106,310**	34,543
More than 3 months	**27,282**	22,590
	368,455	198,197
	427,473	263,480

Accounts receivable from cash clients relate to a wide range of customers for whom there was no recent history of default. These receivables are secured by their portfolios of securities. Cash clients are required to place deposits as prescribed in the Group's credit policy before execution of any purchase transactions. At 30 September 2020, the total market value of their portfolios of securities was $2,082,388,000 (31 March 2020: $1,669,623,000). Based on past experience and current assessment, management believes that the balances are fully recoverable.

Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by the discounted value of securities accepted by the Group. At 30 September 2020, margin loans due from margin clients were current and repayable on demand except for $799,000 (31 March 2020: $90,000) where the margin loans were past due. $716,000 (31 March 2020: $18,000) were past due for less than 1 month. $1,000 (31 March 2020: $1,000) were past due for 1 to 3 months. $12,000 (31 March 2020: $5,000) were past due for 3 months to 1 year. $70,000 (31 March 2020: $66,000) were past due for over 1 year following the trading suspension of the pledged securities. At 30 September 2020, the total market value of securities pledged as collateral in respect of the loans to borrowing margin clients and all margin clients were $15,990,316,000 and $22,091,778,000 respectively (31 March 2020: $10,376,614,000 and $14,641,209,000 respectively). Margin loans that were past due related to a number of independent customers that have a good track record with the Group.

For accounts receivable relating to subscriptions of new shares in IPO, no ageing analysis of subscriptions of new shares in IPO is disclosed as the ageing analysis does not give additional value in view of the nature of this business.

The fair value of accounts receivables from cash client, margin clients and subscription in new shares in IPO is determined by the fair value of collaterals, capped by the principal amount and accrued interest, without discounting.

Accounts receivable from clearing houses, brokers and dealers are current. These represent (1) pending trades arising from the business of dealing in securities, which are normally due within a few days after the trade date and (2) margin deposits arising from the business of dealing in futures and options contracts.

12 ACCOUNTS PAYABLE

	At 30 September 2020	At 31 March 2020
	$'000	*$'000*
Accounts payable		
— Cash clients	**377,573**	343,920
— Margin clients	**847,580**	628,132
— Clearing houses	**95,891**	307,416
— Brokers	**202,389**	21,800
	1,523,433	1,301,268

All of the accounts payable are current, and are expected to be settled within one year or repayable on demand.

13 BANK LOANS

	At 30 September 2020 *$'000*	At 31 March 2020 *$'000*
Secured loans		
— Bank loans	**4,830,130**	2,423,789
— Bank loans for IPO	**16,800,000**	—
Unsecured loans		
— Bank loans	**2,135,000**	435,000
	23,765,130	2,858,789

All the bank loans are repayable within one year and are classified as current liabilities. The carrying amounts of the bank borrowings approximate to their fair value.

The bank loans as at 30 September 2020 and 31 March 2020 were interest-bearing. Securities collateral deposited by the Group's margin clients was re-pledged to banks to secure these loan facilities. Such banking facilities were utilised to the extent of $21,630,130,000 (31 March 2020: $2,423,789,000). The fair value of the collateral repledged to banks as at 30 September 2020 amounted to $10,181,142,000 (31 March 2020: $5,918,574,000).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The Hong Kong stock market in 2020 saw new hope after it was seemingly in the grip of a dead-end situation. Following last year's social turmoil in the city and interminable China-US trade war, the already ailing economy suffered another setback due to the pandemic this year. Fortunately, the pandemic only has a mild impact on the US and Hong Kong stock markets. The Hang Seng Index ("HSI") surged from the bottom to around 26,800 points at one time after it nosedived to 21,139 points from a high of 29,174 points at the beginning of 2020. Driven by the return of China concepts stocks and frequent record highs of new economy sectors, stock turnover stayed at a high level. Benefitting from this, the securities firms saw increasingly better results and created a miracle in the market.

Early this year, the COVID-19 pandemic was raging and swept across the world. The pandemic cast a deep gloom over Hong Kong, mainland China and the rest of the world, with rising confirmed cases and death toll. The global pandemic still ravages the world in the fourth quarter of this year. As long as vaccines have not yet been developed and mass-produced, it is believed that business activities around the world will not get back on track. All human beings are grounded by the rampaging pandemic. Lots of anti-pandemic efforts have been made, including working from home, banning parties and practising social distancing. The impact it caused are staggering. The retail, tourism, hospitality, aviation and shopping malls bore the brunt of the blow, and the knock-on effects spread to all walks of life. Industries are in a slump. The unemployment rate between July and September increased to a 16-year high of 6.4%. However, the worst is yet to come. Due to internal and external factors, Hong Kong's second-quarter GDP contracted 9% from a year earlier. The private consumption expenditures tumbled 14.2% in the second quarter, a sharper decline from a 10.6% drop in the first quarter. If the pandemic worsens again this winter, the road to recovery will be far away.

On the contrary, the pandemic situation in mainland China has greatly improved due to strict control on people mobility in all provinces and municipalities. Take the National Day Golden Week as an example, a nationwide 'retaliatory' consumption boom emerged among mainlanders. The sales volume of milk tea alone stood at 1.1 billion cups within four days. Besides, China saw 637 million trips made during the long holiday, 79% of last year's total. Domestic tourism revenue even reached RMB466.56 billion, reflecting the strong spending power of the public and the gradual recovery of the domestic retail market. Compared with other countries, China has demonstrated the strong resilience and recovery of the country's economy.

The global economy and financial markets remain uncertain this year as the pandemic has yet to be brought under control and a vaccine is still not yet available. But countries should give the top priority to reviving their economies by taking trillions of dollars of relief measures and vigorously introducing loose fiscal and monetary policies to ease the liquidity crunch, which will help resume economic growth.

Although the market was volatile due to uncertainties such as the pandemic and the China-US conflict, as investors had spare time and idle money, and the pandemic swept across the world, otaku economy appeared and online shopping prevailed, which has created a growing demand for online investment. Lots of investors were enthusiastic about IPO subscriptions and kept an eye on new economy stocks for investment opportunities. The market turnover was very active. In addition, as many countries implemented loose monetary policies and injected a massive amount of funds into the market, bank balance in Hong Kong surpassed HK$450 billion and inflows of northbound capital and foreign capital sent stock turnover high.

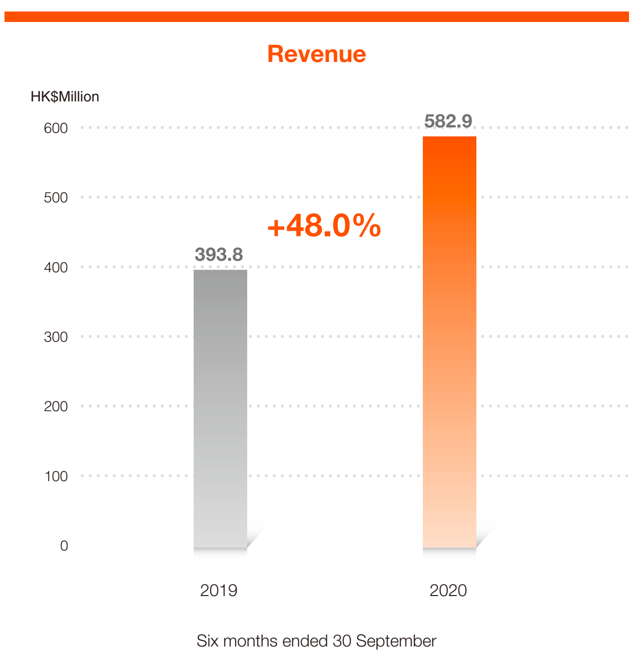
According to the statistics of Hong Kong Exchanges and Clearing Limited ("HKEx"), the average daily turnover for the first half of this year (i.e. the second and third quarters of 2020) was approximately HK$128.08 billion, a significant increase of approximately 49.9% from approximately HK$85.45 billion for the same period of the previous year. Moreover, due to the tense relationship between the US and China in recent years, the business activities of Chinese enterprises have been limited, and they are even under pressure from possible suppression or sanctions. As a result, more China concept stocks returned to Hong Kong for listing. This created an opportunity for the city's IPO market and enthusiasm was aroused. In the first nine months of 2020, there were 97 new listed companies in Hong Kong. Despite a slight year-on-year decline of 3% in the number of new listed companies, the amount of funds raised through IPOs in Hong Kong stood at HK$211.4 billion, up 57.9% from HK$133.9 billion in the same period of last year. In terms of funds raised, the city broke into the top three in the world.

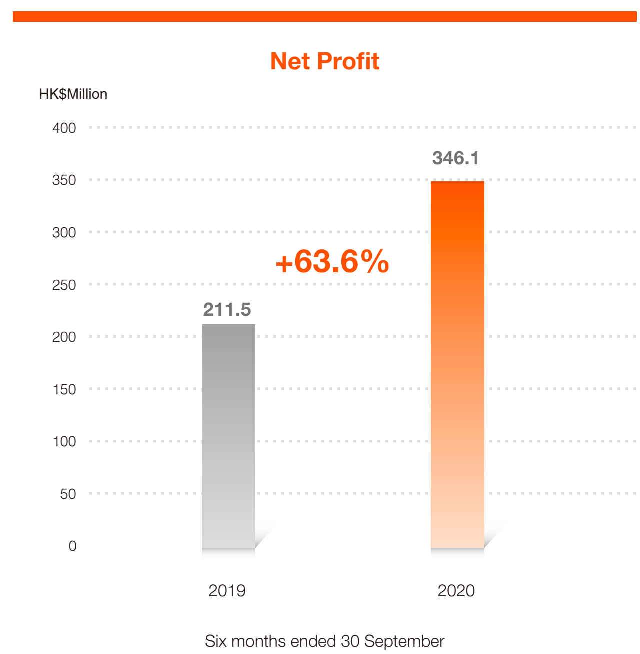
The significant growth in funds raised was mainly due to the return of many US-listed China concept stocks to Hong Kong. Seven companies completed their secondary listing as of the end of this September, raising a total of HK$102 billion, accounting for around 48% of the total money raised. Some are large-sized IPOs. The amount of funds raised through the top ten IPOs reached HK$142.7 billion, accounting for around 68% of the total money raised, which are all remarkable. The biggest highlight of the IPO market is none other than Ant Group (6688). As the largest IPO in the history of the world, Ant Group that sought a simultaneous A-share and H-share listing has attracted worldwide attention. Its IPO got an unprecedentedly strong investor response, which was expected to write a glorious chapter in the history of Hong Kong's IPO market. Unfortunately, due to regulatory issues, Ant Group suddenly announced the suspension of the dual listing after the allotment, causing investors who subscribed the shares on margin to suffer losses before they could make profits. As a leader in the securities industry, the Group has been actively fulfilling its corporate social responsibilities and striving to protect investors' benefits. It determined to give back the interest and administration fees arising from buying on margin to clients in cash. The Group alone will bear all losses, in a bid to minimize the damage to clients.

Even Ant Group's blockbuster IPO experienced an unexpected "anticlimax", not to mention that investors should always tip their toe and conduct risk management amid the complicated and volatile political and economic situation. In particular, the US presidential election takes place this year, and stock market will fluctuate surrounding the election time due to outburst of news and rumours. So, it is more difficult for investors to master. In recent years, the conflicts between China and the US have intensified, with the two countries competing with each other in technology, economy, national defence, etc. They both strive to become the "world's No. 1 power". Therefore, no matter which candidate will be the President of the United States of the next term, the United States is expected to take a tough stance towards China in the coming years. At the same time, in a bid to save their economy hit hard by the pandemic, governments tend to adopt quantitative easing monetary policy. This has increased the financial risk to the staggering global economy. Investors should be prepared for a turbulent global economy in the future.

OPERATING RESULTS

As of the six months ended 30 September 2020 (the "Period"), Bright Smart Securities & Commodities Group Limited (the "Company") and its subsidiaries (collectively, the "Group"), recorded revenue of HK$582.9 million (2019: HK$393.8 million), representing a year-on-year increase of 48.0%. Profit attributable to equity shareholders for the Period amounted to HK$346.1 million (2019: HK$211.5 million), representing an increase of 63.6% as compared to that for the corresponding period last year. Basic and diluted earnings per share were 20.39 HK cents (2019: 12.46 HK cents). The board (the "Board") of directors (the "Directors") of the Company does not recommend the payment of any interim dividend for the Period (2019: Nil).





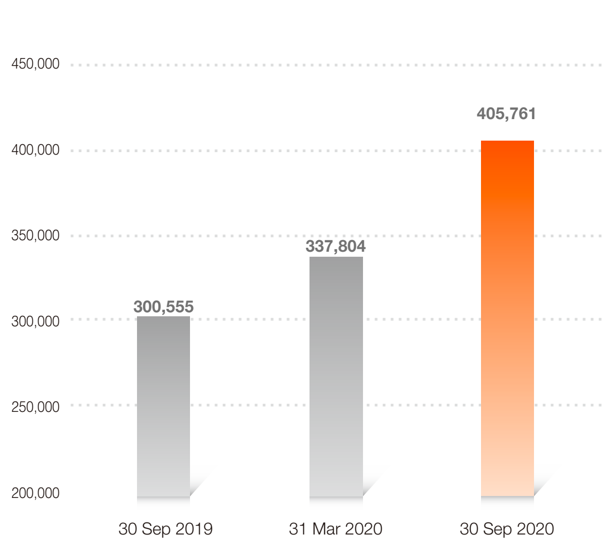
The increase in the Group's revenue in the past six months was largely because of the active market trading and the IPO boom. Although uncertainties, such as the COVID-19 pandemic and Sino-US relations, have made political, economic and financial markets unpredictable and investors have become cautious, the Group's revenue rose significantly in the volatile market as investors actively sought hedging opportunities, stimulated trading in the futures market, or invested in hot sectors, such as new economy stocks, pharmaceuticals stocks and property management stocks.

TOTAL NUMBER OF CLIENT ACCOUNTS AND ASSETS

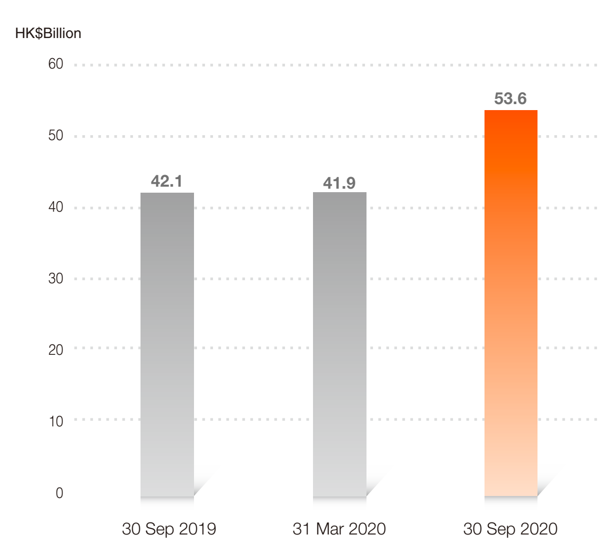
The Group has maintained a positive pace in both good and bad times. It continuously carried out policies for optimisation and expansion. As at the end of September 2020, the Group, with its Central Head Office and all branches, had a total of 14 business locations covering the core areas of Hong Kong, with most of them operating seven days a week, breaking the industry tradition. In addition, the Group with the spirit of innovation and client-oriented service attitude launched the industry-first "Bright Smart Mobile Teaching Centre", which travels around the Hong Kong Island, Kowloon and the New Territories. It caters to the needs of clients in a more comprehensive manner and brings convenience to them.

Moreover, with the rapid development of science and technology, the Group has been aware of investors' needs for fintech and therefore engages in digitalising investment services by making substantial investments in half a year of time to develop two mobile trading apps, namely "BS Securities (Baobao)" and "BS Futures (Doudou)", which allow clients to open an account and trade products anytime and anywhere. Both of them have enriched the online experience of clients and have been well received by investors, resulting in a steady growth in the total number of client accounts. During the Period, 67,957 new accounts were opened (after deducting accounts closed by clients), bringing the total number of client accounts to 405,761, representing an increase of 35.0% from 300,555 accounts as at 30 September 2019. In addition, client assets under management (including cash, stocks and margins) amounted to approximately HK$53.6 billion as at 30 September 2020 (30 September 2019: approximately HK$42.1 billion), an increase of 27.3%.

Number of Client Accounts



Client Assets



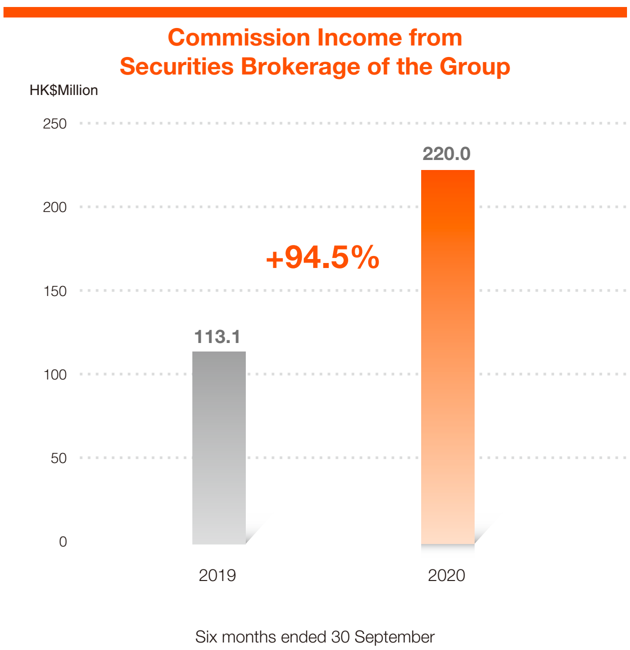
REVENUE

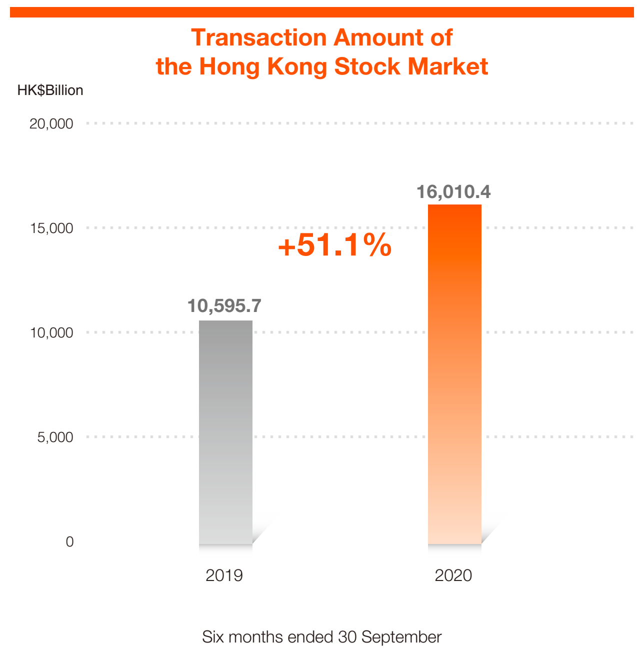
During the Period, the Group recorded revenue of HK$582.9 million (2019: HK$393.8 million), representing a year-on-year rise of 48.0%. A summary of the Group's revenue by business divisions is shown below:

	Six months ended 30 September				
	2020		2019		
		Proportion of total revenue		Proportion of total revenue	Increment/ (decrement)
	HK$'000	**%**	*HK$'000*	%	%
Revenue from:					
— Securities brokerage	**219,990**	**37.7%**	113,080	28.7%	94.5%
— Hong Kong futures and options brokerage	**62,460**	**10.7%**	62,393	15.8%	0.1%
— Global futures brokerage	**53,754**	**9.2%**	46,606	11.8%	15.3%
— Bullion trading	**6,682**	**1.1%**	8,171	2.1%	(18.2%)
— Leveraged foreign exchange trading	**1,469**	**0.3%**	700	0.2%	110.2%
— Stock option brokerage	**7,707**	**1.3%**	5,836	1.5%	32.1%
— IPO brokerage	**21,416**	**3.7%**	3,857	1.0%	455.1%
Interest income from IPO financing	**95,321**	**16.4%**	2,693	0.7%	3,439.6%
Interest income from margin financing	**114,092**	**19.6%**	150,421	38.2%	(24.2%)
	582,891	**100.0%**	393,757	100.0%	48.0%

I. Securities brokerage

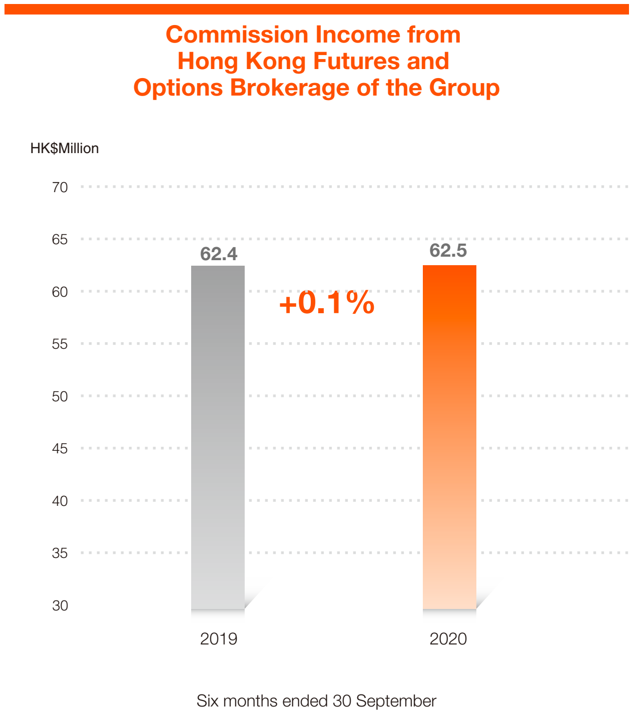
The total turnover of securities on HKEx for the Period was HK$16,010.4 billion, representing a year-on-year growth of 51.1% (2019: HK$10,595.7 billion). The Group's commission income from securities brokerage stood at HK$220.0 million (2019: HK$113.1 million), representing a significant year-on-year increase of 94.5%, accounting for 37.7% (2019: 28.7%) of its total revenue.

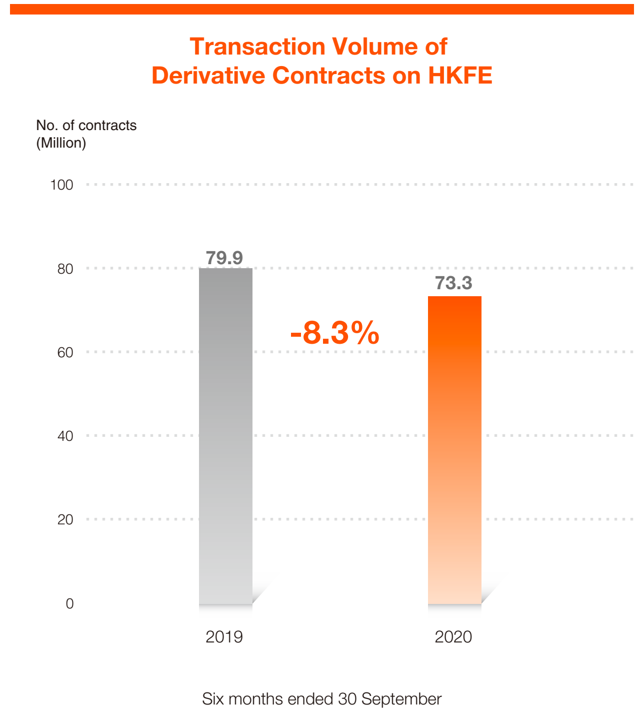




II. Hong Kong futures and options brokerage

The transaction volume of derivative contracts at the Hong Kong Futures Exchange Limited ("HKFE") was 73.3 million (2019: 79.9 million) during the period, representing a year-on-year decrease of 8.3%. The Group recorded commission income from Hong Kong futures and options brokerage of HK$62.5 million (2019: HK$62.4 million) for the Period, representing a year-on-year increase of 0.1%, accounting for 10.7% (2019: 15.8%) of its total revenue.





III. Global futures brokerage

There are many uncertainties in the local investment market, as the global futures markets are open 24 hours a day, many investors turned to the global markets. So, the commission income from global futures brokerage went up 15.3% year-on-year to HK$53.8 million (2019: HK$46.6 million) during the Period, accounting for 9.2% (2019: 11.8%) of its total revenue.

IV. Bullion trading

During the Period, the Group recorded revenue of HK$6.7 million (2019: HK$8.2 million) from bullion trading, representing a year-on-year drop of 18.2%, and accounting for 1.1% (2019: 2.1%) of the total revenue.

V. Leveraged foreign exchange trading

The Group's business income from leveraged foreign exchange trading stood at HK$1.5 million (2019: HK$0.7 million) during the Period, accounting for 0.3% (2019: 0.2%) of its total revenue. The Group believes that investors' demand for diversified financial investment products will continue to grow. It will therefore strive to identify opportunities to expand its business and provide investors with a wide range of investment instruments to choose from.

VI. Stock option brokerage

The Group's commission income from stock option brokerage rose 32.1% year on year to HK$7.7 million (2019: HK$5.8 million) during the Period, accounting for 1.3% (2019: 1.5%) of its total revenue. As stock options are highly leveraged investment products, the Group carefully monitors the margin level of stock option accounts and makes adjustments according to market conditions in order to properly control risks.

VII. IPO brokerage and IPO financing

The return of many China concept stocks for listing in Hong Kong this year triggered a flurry of IPOs. The total amount of funds raised through IPOs in Hong Kong amounted to HK$196.9 billion (2019: HK$112.7 billion) during the Period, representing a significant increase of 74.8% over the corresponding period last year. The Group's commission income from IPO brokerage for the Period was HK$21.4 million (2019: HK$3.9 million), representing a year-on-year surge of 455.1%. Its interest income from IPO financing jumped 3,439.6% to HK$95.3 million (2019: HK$2.7 million).

VIII. Margin financing

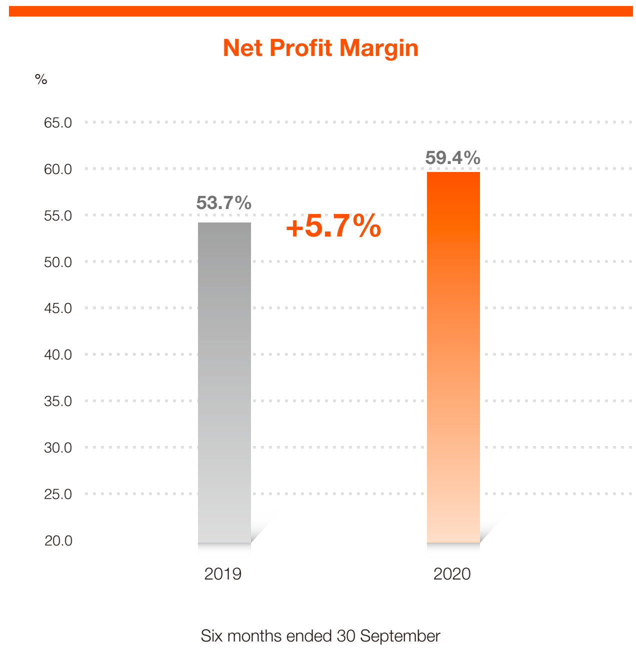
During the Period, the Group's average daily margin borrowings increased 7.5% to HK$6.19 billion (2019: HK$5.76 billion). Affected by the drop in Hong Kong Interbank Offered Rate, the Group's interest income from margin financing during the Period amounted to HK$114.1 million (2019: HK$150.4 million), representing a year-on-year decline of 24.2%, and accounting for 19.6% (2019: 38.2%) of the total revenue. The Group implements effective credit control procedures and recorded no bad debts in the past few years.

GAIN FROM INVESTMENT

In order to enhance its financial performance, the Group held Hong Kong-listed securities, bonds and futures contracts as investments during the Period. As at 30 September 2020, the carrying value of equity, bond and futures investments stood at HK$12.2 million (31 March 2020: HK$48.5 million). It was classified as financial assets at fair value through profit or loss and financial assets at amortised cost into the consolidated statement of financial position. During the Period, the investment returns from financial assets at fair value through profit or loss were HK$7.2 million (2019: loss of HK$0.7 million).

OPERATING EXPENSES AND NET PROFIT MARGIN

The Group well controlled its operating expenses during the Period. The total operating expenses stood at HK$329.6 million (2019: HK$265.6 million), and its net profit margin was 59.4% (2019: 53.7%).



A breakdown of operating expenses is set out below:

	2020	2019	Increment/ (decrement)
	HK$'000	*HK$'000*	*%*
Staff cost	**64,199**	71,365	(10.0%)
Amortisation and depreciation	**39,954**	45,389	(12.0%)
Finance cost	**99,139**	55,967	77.1%
Advertising and promotion expenses	**15,707**	5,148	205.1%
Auditors' remuneration	**762**	762	—
Commission, handling and settlement expenses	**66,406**	40,252	65.0%
Information and communication expenses	**23,757**	22,109	7.5%
Rates and building management fees	**2,372**	2,879	(17.6%)
Legal and professional fee	**1,260**	1,668	(24.5%)
Miscellaneous expenses	**16,085**	20,104	(20.0%)
	329,641	265,643	24.1%

FUTURE PLANS

The COVID-19 pandemic is like a ‘band-tightening spell’ on the economy this year and next year, with more than 50 million cases confirmed worldwide. As the situation is uncertain and a new strain of the coronavirus that is more contagious emerged, the pandemic is likely to worsen in winter. The outlook is bleak. Shows about the US presidential election were staged one after another. Whoever wins the presidency, the American domestic political landscape and the global political and economic situation are bound to change in the next four years. The US is expected to maintain a hawkish stance towards China and continuously wage wars on trade, technology and finance. So, investors should get used to struggling to survive in the shadow of the pandemic and the wars between China and the US. Undoubtedly, the market will drastically rise and fall in the form of a “W”. If investors stay alert and flexible at all times, with the mindset of a “skillful butcher”, they may stand a good chance to make profits if they can ride on in the volatile market.

The Chinese central government is making every effort to promote the integrated development of the Greater Bay Area. President Xi Jinping delivered a speech during his southern tour in 2020 celebrating the 40th anniversary of the establishment of the Shenzhen Special Economic Zone, saying that Shenzhen should play a leading role in the region. He added that the central government supports Shenzhen in starting at an early stage and on a pilot basis in capital market construction, including the launch of index futures based on SZSE market, pilot issuance of the China Depositary Receipts (CDR) and optimisation of market access for private equity funds. This reflects that the central government fully supports Shenzhen in catching up with Hong Kong in the development of financial market. Although Shenzhen’s GDP surpassed that of Hong Kong in 2018, the latter still leads the country in terms of GDP per capita and average monthly income. However, the future situation is not optimistic. According to a report of the China Development Institute in Shenzhen, the city’s GDP growth in the next five years is expected to reach 6.5%, and its GDP will total RMB4.2–4.5 trillion by 2025, with GDP per capita of US$35,000. Driven by new types of consumption and new tech companies, the scale of Shenzhen’s new economy is expected to maintain a growth rate of 9% in the coming five years, accounting for half of its GDP. The new economy sector will create nearly 5 million jobs during the period. By 2025, the consumption rate in the city is expected to reach 50% and the consumption expenditure will double to RMB2.2 trillion, only next to Beijing and Shanghai.

The central government is determined to build Shenzhen into the third Chinese financial centre after Hong Kong and Shanghai. This has indeed sounded the alarm about Hong Kong's future development. If Hong Kong continues relying solely on the financial, real estate and tourism industries, it will be overtaken by Singapore and Shenzhen. A social turmoil and a raging pandemic have clearly eroded Hong Kong's traditional advantages. Meanwhile, new growth points have yet to emerge. So there is an urgent need for the Hong Kong government to make changes, such as technological innovation. It needs to strive to achieve economic transformation. The HKEx kept pace with times by introducing weighted voting rights structure, deepening the connect schemes between Hong Kong and mainland China and allowing the listing of China concept stocks, all of which are in line with new developments. Hong Kong should also actively seek transformation and diversification, and strive to develop innovative technologies to inject new vitality into the economy. Hong Kong's development is closely linked to that of the mainland China. It must proactively join the planning of the Greater Bay Area and the "Belt and Road" Initiative, put words into action and seize every opportunity to avoid wasting the valuable time on endless arguments.

Foreign countries have a tough time and China and the US compete with each other, but Hong Kong, as a financial centre in Asia, is now the beneficiary, attracting a large amount of northbound capital and foreign capital to flow into the city's stock market. Bank balance there topped HK$450 billion. As a leading securities broker in Hong Kong, the Group has seen increasingly better business performance since the beginning of this year, boosted by otaku economy and online shopping. With a network of 14 branches covering the core areas of Hong Kong, the Group will adopt a more aggressive development strategy and continue recruiting talents to optimize the branch network and enhance its service quality, in order to serve investors in Hong Kong and mainland China.

In the meantime, the Group believes that investors' education should be open for all, easy to understand and diversified so as to enhance the financial literacy of the public and assist them in developing responsible financial habits, behaviours and decisions. Therefore, to take up an important role in investors' education, the Group organises various investment seminars and investment simulation competitions free of charge. For instance, the Group partnered with world-renowned stock exchanges, financial institutions and top industry experts to provide investors with comprehensive, reliable and free wealth management information so as to enhance their knowledge about financial products and economic trends across the world and broaden their investment choices. Looking forward, the Group will continue to adopt diversified promotional and marketing strategies with a view to grasping all valuable business opportunities and building up itself.

DEVELOP DIVERSIFIED GLOBAL FINANCIAL PRODUCTS

The Group has thoroughly studied consumer behaviour and investment trends and analysed them according to client data and surveys. In view of the rising attention to and popularity of global financial products, investors have growing interest in such products. The Group has connected its online securities and futures trading platforms as well as mobile trading apps to markets around the world, providing comprehensive and professional brokerage services and bringing together Hong Kong stocks, US stocks, Shanghai-Hong Kong Stock Connect A shares, Shenzhen-Hong Kong Stock Connect A shares, China B shares, Japanese stocks, Taiwanese stocks, Singaporean stocks, Australian stocks, UK stocks, Hong Kong futures, Hang Seng Index options, Hong Kong stock options, Dow Jones Futures, A50 Futures, foreign exchange futures, gold futures, oil futures, copper futures, HKEx's CNH Gold Futures, HKEx's USD Gold Futures, leveraged foreign exchange products, iron ore futures, IPO share subscription and margin financing, so as to cater to the needs of different clients. The Group believes that investors' interest in global financial products is growing. Therefore, it will continue to develop more global financial products to meet market demands.

PROMOTE DIGITALISED AND SMART TRADING SERVICES AMONGST CLIENTS

The Group is fully aware of investors' need for fintech and therefore actively engages in digitalising investment services by making substantial investments in half a year of time to develop two mobile trading apps, namely BS Securities (Baobao) and BS Futures (Doudou). They are equipped with AI3.0 features (such as behavioural authentication, news tracking and personalised portfolio monitoring). The Group's mobile apps can fulfil all the investment needs of its clients, enabling them to open accounts, trade global financial products and read global financial news right away at anytime and anywhere. Since the Group always strives for excellence and invests substantially in fintech and software and hardware support, new features were developed and added to the Baobao and Doudou apps with a view to satisfying market needs. For examples, the Group launched the electronic Direct Debit Authorisation (eDDA) service recognised by the Hong Kong Monetary Authority. The service can enable clients to deposit money in just four minutes. The Baobao app now allows users to check the gain or loss of their positions, sell odd lots automatically, browse trading records within a month, search for warrants and Callable Bull/Bear Contracts (CBBC), check the amount of CBBC in public hand, and obtain AI stock recommendations. The Group's trading systems have won the trust of its clients and praises from the industry and media, such as the award for outstanding securities and futures trading app by Sky Post, "Hong Kong Outstanding Enterprise 2020" by Economic Digest, "Listed Company Awards of Excellence" by Hong Kong Economic Journal for four straight years, in recognition of the Group's outstanding results in the development of the Baobao and Doudou apps. This demonstrates the popularity of its online trading systems amongst the clients, the industry and the media for its speed, stability, security and reliability.

As the application of fintech in the wealth management industry matures, the Group plans to promote digitalised and smart trading services amongst its clients, combine online and offline marketing and operating strategies, reduce costs, enhance its efficiency, expand its clientele and enhance their experience by using fintech, in a bid to strengthen its core competencies and leadership position in the industry.

ENHANCE ONLINE TRADING SECURITY

At the same time, the Group has invested substantial resources in improving the efficiency and capacity of its online trading systems to meet clients' needs and continuously improve service quality. In order to offer a more convenient and stable online trading platform, the Group has also made huge investment in improving its trading systems, relocated its central computer system to the centralised data centre of HKEx in Tseung Kwan O, and conducted large-scale tests on all transaction systems, including regular simulated tests involving a trading volume exceeding five times of the existing peak volume on HKEx, so as to continuously enhance the efficiency and stability of the existing securities and futures trading platforms. As for network security, the Group has implemented the "dual password" security measure and authentication by which two different passwords are required for logging into the trading systems and conducting transactions in order to provide adequate security to online transactions. Furthermore, emails are delivered instantly to notify the clients of any login or any transaction conducted electronically through their accounts in accordance with the regulatory requirements. In addition, the Group also closely monitors and counteracts any unrelated fake website. If any such website is identified, the Group will notify the clients immediately and take legal actions against the website in order to prevent its clients from suffering unnecessary loss. The Group will keep abreast of the latest market developments and study the need and room for capacity expansion of its trading systems. It will also step up client education on online trading security and enhance their awareness and skills of risk prevention.

TAP INTO MAINLAND MARKET

In recent years, the mainland has been actively reforming and widening the opening-up of its capital market, as a gradual move towards internationalisation. This year, the mainland is gradually lifting the restrictions on foreign ownership of mainland-based financial institutions, such as futures and securities firms and mutual funds. It means that Hong Kong investors can also wholly own the shares of mainland-based securities firms. With a huge domestic demand of 1.4 billion people, the mainland enjoys enormous growth potential in the long run in terms of consumption power, productivity and investment capacity. The Group is determined to tap into the forward-looking mainland market via online diversified channels. To do so, it will not only actively recruit talents interested in working in the securities market, but also further raise its brand awareness and establish a unique brand image in the mainland based on its "high quality and cost-performance ratio" supported by its online and offline hardware and software support, professional and caring customer service team and up-to-date promotional and marketing strategies.

CONCLUSION

The Group firmly believes that only by focusing on clients' needs, always putting clients first, and responding quickly to market changes, can it win amid the fierce competition. The Group, with the attitude of "client-oriented, striving for excellence", the business philosophy of "high quality and cost-performance ratio" and the ability to explore and resist, has been committed to enhancing the functions and user experience of the Baobao and Doudou apps. Moreover, it allocated more resources for promotion on various platforms, attracting more investors from Hong Kong and mainland China to open accounts and trade products through Bright Smart Securities. As the market in the regions where some of its branches are located is almost saturated, the Group has further optimised its branch network and actively looked for potential regions to establish new footholds, in order to expand its market share and strengthen its brand competitiveness. The Group, which has today's achievements and celebrates the 25th anniversary (also called jubilee) of its establishment and the 10th anniversary of its listing in 2020, owes much to the long-standing support, trust, recognition and loyalty of its clients. The Group will be dedicated to providing clients with better services and developing safer and faster trading platforms in the future, so as to reward them for their love and support and make them feel at home. The Group will meanwhile strengthen and deepen its existing advantages, develop more diversified businesses, recruit talents from different sectors and seize every valuable opportunity, so as to enhance its operation efficiency and seek higher returns for shareholders.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group's operations were mainly financed by shareholders' equity, cash generated from operations and bank borrowings.

The Group maintained a strong cash position with total bank deposits, bank balances and cash amounted to HK$407.3 million as at 30 September 2020 (31 March 2020: HK$477.7 million). The Group had total bank borrowings of HK$23,765.1 million as at 30 September 2020 (31 March 2020: HK$2,858.8 million) which bore interest primarily at floating rates. The bank borrowings were primarily collateralised by its margin clients' securities pledged to the Group. As at 30 September 2020, unutilised banking facilities amounted to HK$11,647.8 million (31 March 2020: HK$18,049.6 million). The Group's gearing ratio (total bank borrowings divided by the total shareholders' equity) was 1,340.4% (31 March 2020: 150.3%). As at 30 September 2020, the net current assets of the Group decreased by 6.3% to HK$1,601.5 million (31 March 2020: HK$1,708.3 million). As at 30 September 2020, the Group's current ratio (current assets divided by current liabilities) was 1.1 times (31 March 2020: 1.4 times).

CAPITAL MANAGEMENT

The Group actively and regularly reviews and manages its capital structure and makes adjustments in light of changes in economic conditions. For the licensed subsidiaries, the Group ensures each of the subsidiaries maintains liquidity adequate to support the level of activities with a sufficient buffer to accommodate potential increases in the level of business activities. During the Period, all the licensed subsidiaries have complied with the liquidity requirements under the Securities and Futures (Financial Resources) Rules ("FRR").

CHARGES ON ASSETS

None of the Group's assets were subject to any charges as at 30 September 2020 and 31 March 2020.

CONTINGENT LIABILITIES

As at the end of the Period, corporate guarantees provided by the Company in respect of banking facilities granted by authorised institutions to its subsidiaries engaging in securities and futures brokerage amounted to HK$15,947.5 million (31 March 2020: HK$15,947.5 million). As at 30 September 2020, the subsidiaries of the Company have utilised HK$5,868.6 million of these aggregate banking facilities (31 March 2020: HK$2,334.0 million).

RISK MANAGEMENT

Credit risk

The Group's credit risk is primarily attributable to accounts receivable from clients, brokers and clearing houses. The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In respect of amounts due from clients, individual credit evaluations are performed on all clients (including cash and margin clients) based on the underlying collaterals. Cash clients are required to place deposits as prescribed in the Group's credit policy before execution of any purchase transactions. Receivables due from cash clients are due within the settlement period commonly adopted in the relevant market practices, which is usually within a few days from the trade date. Because accounts receivable from cash clients relate to a wide range of customers for whom there was no recent history of default, there has not been a significant change in credit quality and the balances are considered fully recoverable, and in view of the prescribed deposit requirements and the short settlement period involved, the credit risk arising from the amounts due from cash clients is considered low. The Group normally obtains liquid securities and/or cash deposits as collateral for providing financing to its cash and margin clients and has policy to manage these exposures on a fair value basis. Margin loans due from margin clients are repayable on demand. For commodities and futures brokerage, an initial margin is required prior to opening transaction. Market conditions and adequacy of securities collateral and margin deposits of each cash account, margin account and futures account are monitored by the management on a daily basis. Margin calls and forced liquidation are made where necessary.

In respect of accounts receivable from brokers and clearing houses, credit risks are considered low as the Group normally enters into transactions with brokers and clearing houses which are registered with regulatory bodies and have sound reputation in the industry.

The Group has no significant concentration of credit risk as credits are granted to a large population of clients.

The Group does not provide any other guarantees which would expose it to credit risk.

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, and ensuring compliance with FRR. The Group's policies are to regularly monitor its liquidity requirement and its compliance with lending covenants, and to ensure that it maintains sufficient cash reserves and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

Interest rate risk

The Group charges interest to its margin clients and cash clients with outstanding loan amounts on the basis of its cost of funding plus a mark-up. Financial assets, such as margin loans and bank deposits, and financial liabilities, such as bank loans and amount due to a related company, bear interest primarily at floating rates. The Group's income and operating cash flows are not subject to significant interest rate risk.

Foreign currency risk

The Group is exposed to currency risk primarily arising from financial instruments that are denominated in United States dollars ("USD"), RMB, Australian dollars, Singapore dollars, Japanese Yen and British pound. As the Hong Kong dollar ("HKD") is pegged to the USD, the Group considers the risk of movements in exchange rates between the HKD and the USD to be insignificant. In respect of financial instruments denominated in other currencies, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. The management monitors all foreign currency positions on a daily basis.

Price risk

The Group is exposed to price changes arising from listed equity investments and futures contracts classified as financial assets at fair value through profit or loss.

The Group's equity investments are listed on HKEx while its investment in futures contracts are traded on HKFE. Listed investments held in the portfolio of financial assets at fair value through profit or loss have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

Accounts receivable from margin, cash and IPO clients expose the Group to price risk as their fair value is made with reference to the fair value of collaterals.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group had a work force of 261 employees (31 March 2020: 263 employees). The Group's remuneration policy aims to offer competitive remuneration packages to recruit, retain and motivate competent employees. The Group believes the remuneration packages are reasonable, competitive, and in line with market trends. The Group has put in place a bonus scheme for its executives and employees in a bid to provide competitive remuneration packages for the Group's long term growth and development. The Group also provides appropriate training and development programmes to its employees to enhance the staff's skills and personal effectiveness.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to ensuring high standards of corporate governance practices. During the Period, the Company fully complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made specific enquiry with each Director and has confirmed that all the Directors have fully complied with the required standard set out in the Model Code during the Period.

REVIEW OF INTERIM FINANCIAL INFORMATION

The principal duties of the Audit Committee of the Company include the review and supervision of the financial reporting process and internal control procedures of the Company. The Audit Committee, together with the external auditor of the Group, KPMG, had reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters including the review of the unaudited consolidated results of the Group for the six months ended 30 September 2020.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at https://www.hkexnews.hk and the website of the Company at https://www.bsgroup.com.hk. The Interim Report 2020/21 will be despatched to the shareholders of the Company and published on the above websites in due course.

By Order of the Board
Bright Smart Securities & Commodities Group Limited
Hui Yik Bun
Executive Director and Chief Executive Officer

Hong Kong, 25 November 2020

As at the date of this announcement, the Board comprises Mr. Yip Mow Lum (Chairman), Mr. Hui Yik Bun (Chief Executive Officer), Mr. Chan Wing Shing, Wilson as Executive Directors; and Mr. Yu Yun Kong, Mr. Szeto Wai Sun and Mr. Ling Kwok Fai, Joseph as Independent Non-executive Directors.